

When recorded return to:
Carolyn Avra
City of Stockton
Municipal Utilities Department
2500 Navy Drive
Stockton, CA 95206

MUNICIPAL UTILITIES DEPARTMENT

After signing Transmit Copy to:

☐ CDCR
☐ Community Development Director
☐ Public Works Director
☐ City Clerk (Original)

OWNER NAME(S) STATE OF CALIFORNIA
(as shown on deed)

MAILING ADDRESS 9838 Old Placerville Road, Sacramento, CA 95827

PROPERTY ADDRESS 7650 Newcastle Road, Stockton, CA 95213

**ASSESSOR PARCEL
NUMBER** 181-100-07,181-100-11,181-150-02,181-150-11,181-150-12

CITY OF STOCKTON

DEFERRED ANNEXATION AGREEMENT

This Deferred Annexation Agreement is entered into this 16th day of November, 2010, by and between the State of California, acting through the Department of Corrections and Rehabilitation, hereinafter referred to as "CDCR" and the City of Stockton, hereinafter referred to as "CITY."

WHEREAS, CDCR is the owner of certain real property located within the unincorporated area of San Joaquin County, as shown on the attached Exhibit A; and

WHEREAS, CDCR and CITY have agreed that CITY will provide CITY water service to the CDCR property as set forth in that certain Settlement Agreement dated August 2, 2010 (Settlement Agreement) ; and

WHEREAS, the CITY has provided sewer service to the CDCR Property since 1964, and will continue to provide sewer service to the CDCR Property; and

WHEREAS, in furtherance of the Settlement Agreement and the provision of water service, CDCR has filed an application with the CITY for water service outside the corporate boundaries of the CITY; and

WHEREAS, as set forth in the Settlement Agreement, CDCR has agreed that CITY may annex the CDCR Property if it is feasible to do so; and

WHEREAS, the City and CDCR have agreed that the City will not pursue annexation of the CDCR Property for at least five (5) years from the date of full occupancy of the CHCF, as defined in the Settlement Agreement, and thereafter, may determine if or when, the CITY would annex the CDCR Property to the CITY; and

WHEREAS, water service to the CDCR property is necessary in the interest of the public health at this time; and.

NOW, THEREFORE, the parties have agreed as follows:

1. As set forth in the Settlement Agreement, the relevant portions of which are attached hereto as Exhibit B, CITY will connect the CDCR Property to the City water system and provide CITY water service to the CDCR Property, upon CDCR's request for connection.

2. In accordance with the Settlement Agreement, after commencement of CITY water service, CDCR will pay CITY monthly water usage charges, or portions thereof, for CITY water delivered to the CDCR Property.

3. CDCR will notify CITY in writing if the CDCR Property undergoes a transfer in ownership. Notification shall be made by depositing a written notice in the U. S. Mail, postage prepaid, addressed as follows: Director of Municipal Utilities, City of Stockton, 425 North El Dorado Street, Stockton, CA 95202.

4. Subject to, and in accordance with, the terms and conditions of the Settlement Agreement and this Agreement, CDCR hereby consents to the annexation of the CDCR Property to the City of Stockton. CDCR hereby waives any right to protest the annexation and assigns to the CITY any right to vote on the annexation. As set forth in the Settlement Agreement, CDCR makes this consent and waiver on the express condition that CDCR is not, and shall not be, subject to any charges, fees, impact fees or exactions by reason of this consent and/or to the annexation of the property to the CITY.

5. The City, at its option, may apply to San Joaquin Local Agency Formation Commission (SJLAFCO) for annexation of the CDCR Property at any time, but no sooner than five (5) years following the full occupancy of the CHCF. The term "full occupancy" is defined as the operation of the facility at 80% of total bed capacity (or 1585 beds of the total 1,722 beds).

6. The CDCR Property may only be rezoned to a "Public Facilities" (PF Zone) or other similar use in recognition that the entire CDCR Property will be committed to correctional or other state uses for the foreseeable future.

7. The City acknowledges and accepts that the CDCR will advocate that the SJLAFCO refrain from detaching the CDCR property from the Montezuma Fire District and/or the Collegeville Fire District. Regardless of the determination of the fire service issue, CDCR shall not be required to pay any fees, costs or other impact fees to the City related to the provision of fire service to the CDCR property other than those fees and costs paid to the fire district(s), at the time of annexation application.

8. As set forth in the Settlement Agreement and subject the provisions and conditions set forth therein, CDCR agrees to address the environmental consequences, if any, of the potential annexation of the CDCR Property to the City in its Environmental Impact Report (EIR) for the NCRF and DeWitt Nelson projects;

9. This agreement shall be binding upon, and inure to the benefit of, all heirs, assignees, or successors-in-interest of the above named parties as a covenant that runs with the land.

10. In the event of any conflict between the terms of this Agreement and the Settlement Agreement, the terms of the Settlement Agreement shall prevail.

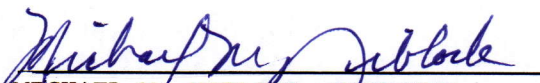
IN WITNESS WHEREOF, the parties hereto have affixed their signatures as of the date first written above.

APPROVED AS TO FORM:

CITY OF STOCKTON

By

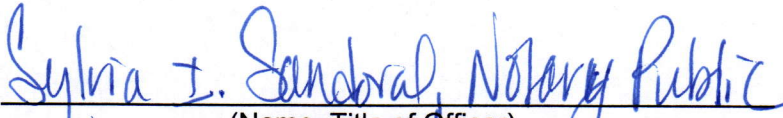

DEPUTY CITY ATTORNEY

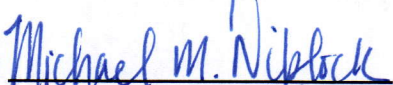

MICHAEL M. NIBLOCK, DIRECTOR
COMMUNITY DEVELOPMENT DEPARTMENT

CITY ACKNOWLEDGMENT

STATE OF CALIFORNIA)
)ss
COUNTY OF SAN JOAQUIN)

On 11/16/2010 before me,

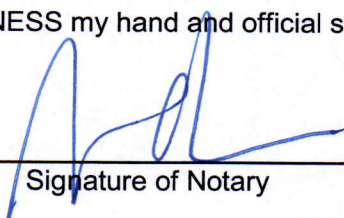

(Name, Title of Officer)

personally appeared , who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~

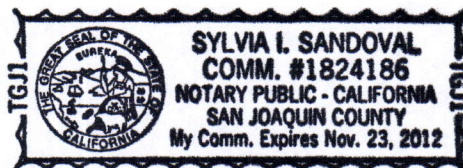
authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.




Signature of Notary



CALIFORNIA DEPARTMENT OF CORRECTIONS
AND REHABILITATION

Arthur F. Coon
Miller Starr Regalia
Attorney for the California Department
of Corrections & Rehabilitation


Chris Meyer
Senior Chief, Facility Planning, Construction
and Management


[illegible]

On 11/23/2010 before me, NaTonya Forbes, Notary Public
(Name, Title of Officer)

personally appeared Chris Meyer, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.


Signature of Notary

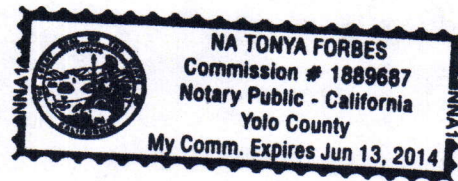


EXHIBIT A

Order Number: NCS-346221-SAC4

Page Number: 8

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of SAN JOAQUIN, State of CALIFORNIA, described as follows:

A PORTION OF THE SOUTHEAST $\frac{1}{4}$ OF SECTION 27, TOWNSHIP 1 NORTH, RANGE 7 EAST, M.D.B. & M. DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHEAST $\frac{1}{4}$ OF SAID SECTION 27, THENCE EAST ALONG THE NORTH LINE OF SAID $\frac{1}{4}$ SECTION, 1000 FEET; THENCE SOUTHERLY PARALLEL TO THE WEST LINE OF SAID $\frac{1}{4}$ SECTION, 225 FEET TO A POINT; THENCE WESTERLY PARALLEL TO THE NORTH LINE OF SAID SOUTHEAST $\frac{1}{4}$, 1000 FEET TO A POINT ON THE WEST LINE OF SAID $\frac{1}{4}$ SECTION; THENCE NORTHERLY ALONG SAID WEST LINE 225 FEET TO THE POINT OF BEGINNING.

PARCEL TWO:

THE SOUTHEAST $\frac{1}{4}$ OF SECTION 27, TOWNSHIP 1 NORTH, RANGE 7 EAST, M.D.B. & M., EXCEPT THEREFROM THAT PORTION DESCRIBED IN DEED TO HAROLD A. WHITE, ET UX, RECORDED FEBRUARY 19, 1953, IN BOOK 1496 OF OFFICIAL RECORDS, PAGE 368.

ALSO EXCEPT THEREFROM ALL OIL, OIL RIGHTS, MINERALS, MINERAL RIGHTS, NATURAL GAS, NATURAL GAS RIGHTS, AND OTHER HYDROCARBONS BY WHATSOEVER NAME KNOWN THAT MAY BE WITHIN OR UNDER THE PARCEL OF LAND HEREINABOVE DESCRIBED, TOGETHER WITH PERPETUAL RIGHT OF DRILLING, MINING, EXPLORING AND OPERATING THEREFOR AND REMOVING THE SAME FROM SAID LAND OR ANY OTHER LAND, INCLUDING THE RIGHT TO WHIPSTOCK OR DIRECTIONALLY DRILL AND MINE FROM LANDS OTHER THAN THOSE HEREINABOVE DESCRIBED; OIL OR GAS WELLS, TUNNELS AND SHAFTS INTO THROUGH OR ACROSS THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED, AND TO BOTTOM SUCH WHIPSTOCKED OR DIRECTIONALLY DRILLED WELLS, TUNNELS AND SHAFTS UNDER AND BENEATH OR BEYOND THE EXTERIOR LIMITS THEREOF, AND TO REDRILL, RETUNNEL, EQUIP, MAINTAIN, REPAIR, DEEPEN AND OPERATE ANY SUCH WELLS OR MINES, WITHOUT HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE AND OPERATE THROUGH THE SURFACE OR THE UPPER 200 FEET OF THE SUBSURFACE OF THE LAND HEREINABOVE DESCRIBED OR OTHERWISE IN SUCH MANNER AS TO ENDANGER THE SAFETY OF ANY IMPROVEMENTS THAT MAY BE CONSTRUCTED ON SAID LANDS, AS EXCEPTED IN DEED RECORDED JANUARY 29, 1962, IN BOOK 2505, PAGE 519, OFFICIAL RECORDS.

PARCEL THREE:

THE SOUTHWEST $\frac{1}{4}$ SECTION 27, TOWNSHIP 1 NORTH, RANGE 7 EAST, M.D.B. & M.

EXCEPT THEREFROM ALL THAT PORTION CONVEYED TO SAN JOAQUIN SUPERINTENDENT OF SCHOOLS AND SAN JOAQUIN COUNTY BOARD OF EDUCATION, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, BY QUITCLAIM DEED RECORDED NOVEMBER 16, 2004 AS INSTRUMENT NO. 2004-261519, OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF SECTION 27; THENCE FROM SAID POINT OF BEGINNING, ALONG THE NORTH LINE OF SAID SOUTHWEST

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QUARTER NORTH 89°59'30" EAST, 2,652.79 FEET TO THE NORTHEAST CORNER OF SAID SOUTHWEST QUARTER; THENCE, ALONG THE EAST LINE OF SAID SOUTHWEST QUARTER, SOUTH 00°15'00" EAST, 1,381.66 FEET; THENCE NORTH 89°46'46" WEST, 1,633.39 FEET; THENCE NORTH 00°21'32" WEST, 890.14 FEET; THENCE SOUTH 89°59'30" WEST, 1,016.90 FEET TO THE WEST LINE OF SAID SOUTHWEST QUARTER; THENCE ALONG SAID WEST LINE, NORTH 00°21'32" WEST, 485.01 FEET TO THE POINT OF BEGINNING.

BASIS OF BEARINGS: THE BASIS OF BEARINGS FOR THE FOREGOING DESCRIPTION IS IDENTICAL TO THAT OF THE WEST LINE OF SAID SOUTHWEST QUARTER OF SECTION 27, AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED IN THAT OFFICE OF THE RECORDER OF SAN JOAQUIN COUNTY ON MAY 22, 1992 IN BOOK 32 OF SURVEYS, AT PAGE 69, THE BEARING OF WHICH IS GIVEN AS NORTH 00°21'32" WEST.

PARCEL FOUR:

THE NORTHEAST QUARTER OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 7 EAST, M.D.B. & M.

ALSO COMMENCING AT THE QUARTER SECTION CORNER BETWEEN SECTIONS 27 AND 34, SAID TOWNSHIP AND RANGE, THENCE ALONG SAID QUARTER SECTION LINE SOUTH 85 FEET; THENCE NORTH 45° WEST 120 FEET TO SECTION LINE; THENCE EAST 85 FEET TO POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO SAN JOAQUIN COUNTY SUPERINTENDENT OF SCHOOL AND SAN JOAQUIN COUNTY BOARD OF EDUCATION BY DEED RECORDED NOVEMBER 16, 2004, AS INSTRUMENT NO. 2004-261520, OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, CALIFORNIA.

PARCEL FIVE:

THE NORTHWEST QUARTER (NW¼) OF SECTION THIRTY-FOUR (34), TOWNSHIP ONE (1) NORTH, RANGE SEVEN (7) EAST, MOUNT DIABLO BASE AND MERIDIAN.

EXCEPTING THAT CERTAIN 85/1000 OF AN ACRE LOCATED AND DESCRIBED AS FOLLOWS, TO WIT:

COMMENCING AT THE QUARTER SECTION CORNER BETWEEN SECTIONS 27 AND 34, TOWNSHIP ONE (1) NORTH, RANGE SEVEN (7) EAST, THENCE ALONG THE QUARTER SECTION LINE SOUTH 85 FEET; THENCE NORTH 45° WEST 120 FEET TO THE SECTION LINE; THENCE EAST 65 FEET TO THE POINT OF BEGINNING.

PARCEL SIX:

THE SOUTH ONE-HALF (S½) OF SECTION 34, TOWNSHIP 1 NORTH, RANGE 7 EAST, MOUNT DIABLO BASE AND MERIDIAN.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE CITY OF STOCKTON IN THE QUITCLAIM DEED RECORDED AUGUST 5, 1992, AS INSTRUMENT NO. 92089830, OFFICIAL RECORDS OF SAN JOAQUIN COUNTY, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION; THENCE NORTH 00°00'09" WEST, ALONG THE WEST LINE OF SAID SOUTH HALF, A DISTANCE OF 1,565.85 FEET; THENCE NORTH 90°00'00" EAST A DISTANCE OF 2,618.02 FEET TO A POINT 50.00 FEET DISTANT,

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MEASURED AT RIGHT ANGLES, TO THE CENTER LINE OF AN EXISTING DRAINAGE CHANNEL; THENCE SOUTHERLY PARALLEL WITH AND 50.00 FEET DISTANT, MEASURED AT RIGHT ANGLES, TO SAID CENTER LINE, THE FOLLOWING FIVE (5) COURSES; 1) SOUTH 69°59'23" EAST, A DISTANCE OF 527.34 FEET; 2) THENCE SOUTHERLY A DISTANCE OF 61.16 FEET ALONG THE ARC OF A CURVE CONCAVE TO THE SOUTHWEST HAVING A RADIUS OF 100.00 FEET AND A CENTRAL ANGLE OF 35°02'40"; 3) THENCE SOUTH 34°56'43" EAST A DISTANCE OF 749.412 FEET; 4) THENCE SOUTHERLY A DISTANCE OF 110.27 FEET ALONG THE ARC OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 250.00 FEET AND A CENTRAL ANGLE OF 25°16'21"; 5) THENCE SOUTH 60°13'04" EAST A DISTANCE OF 263.49 FEET; THENCE, LEAVING SAID PARALLEL LINE, SOUTH 00°04'16" EAST A DISTANCE OF 514.10 FEET TO A POINT ON THE SOUTH LINE OF SAID SECTION; THENCE SOUTH 89°46'11" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 3,900.57 FEET TO THE POINT OF BEGINNING.

ALSO, EXCEPTING FROM SAID SOUTHWEST QUARTER (SW¼) OF SAID SECTION 34 ALL DEPOSITS OF MINERALS, INCLUDING OIL AND GAS, IN SAID REAL PROPERTY, HEREIN CONVEYED, TOGETHER WITH THE RIGHT TO PROSPECT AND TO REMOVE SUCH DEPOSITS THEREFROM, WITHOUT, HOWEVER, THE RIGHT TO DRILL, MINE, EXPLORE OR OPERATE THROUGH THE SURFACE OR THE UPPER 500 FEET OF THE SUBSURFACE OF THE LAND OR OTHERWISE IN SUCH MANNER AS TO ENDANGER THE SAFETY OF ANY IMPROVEMENTS THAT MAY BE CONSTRUCTED ON SAID LAND, AS RESERVED IN THE DEEDS TO THE STATE OF CALIFORNIA BY E. J. LAGOMARSIND, ET AL., BELCO PETROLEUM CORPORATION, AND CARLOS SILVA ET UX, RESPECTIVELY, RECORDED JANUARY 6, 1964, IN BOOK 2772 OF OFFICIAL RECORDS, AT PAGES 443, 448, AND 453, RESPECTIVELY.

FURTHER EXCEPTING FROM SAID SOUTHEAST QUARTER (SE¼) OF SAID SECTION 34, ALL CERTAIN PARCEL CONVEYED BY DEED RECORDED MAY 21, 1997, AS INSTRUMENT NO. 97049831, OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 2 AND 3, T1S, R7E, M.D.B. & M. AND SECTIONS 34 AND 35, T1N, R7E, M.D.B. & M.; THENCE WESTERLY SOUTH 89°59'12" WEST ALONG THE SOUTHERLY LINE OF SAID SECTION 34, T1N, R7E, M.D.B. & M., SAID SOUTHERLY LINE BEING THE MOUNT DIABLO BASE LINE, A DISTANCE OF 30 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF AUSTIN ROAD (60' WIDE), SAID POINT BEING THE TRUE POINT OF BEGINNING. THENCE CONTINUING WESTERLY ALONG SAID SOUTHERLY LINE OF SAID SECTION 34, SOUTH 89° 59' 12" WEST 1,369.73 FEET, AS SHOWN ON MAP FILED IN BOOK 32 OF BOOK OF SURVEY AT PAGE 69, SAN JOAQUIN COUNTY RECORDS; THENCE LEAVING SAID SOUTHERLY LINE NORTH 00° 08' 46" EAST 514.07 FEET; THENCE SOUTH 60° 00' 02" EAST 461.90 FEET; THENCE SOUTH 00° 08' 46" WEST 193.03 FEET; THENCE NORTH 89° 59' 12" EAST 584.50 FEET TO A POINT ON THE WESTERLY LINE OF A 40' (FOOT) WIDE ROADWAY EASEMENT DEEDED TO THE CITY OF STOCKTON, CALIFORNIA BY THE STATE OF CALIFORNIA DEPARTMENT OF FINANCE ON MAY 17, 1962, AS DESCRIBED IN DEED FILED IN BOOK 2550 OF OFFICIAL RECORDS AT PAGE 316, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG SAID WESTERLY LINE NORTH 16° 22' 58" EAST 398.22 FEET; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 00° 08' 58" EAST 156.96 FEET; THENCE NORTH 27° 08' 58" EAST 304.35 FEET; THENCE NORTH 41° 38' 58" EAST 203.93 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF SAID AUSTIN ROAD; THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE, SOUTH 00° 08' 58" WEST 1,052.11 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL.

ALSO EXCEPTING THEREFROM ALL THAT PORTION CONVEYED TO SAN JOAQUIN COUNTY SUPERINTENDENT OF SCHOOLS AND SAN JOAQUIN COUNTY BOARD OF EDUCATION BY DEED RECORDED NOVEMBER 16, 2004, AS INSTRUMENT NO. 2004-261520, OFFICIAL RECORDS OF

First American Title Insurance Company

SAN JOAQUIN COUNTY, CALIFORNIA.

PARCEL SEVEN (EASEMENT):

AN EASEMENT FOR A ROAD FOR INGRESS AND EGRESS PURPOSES OVER SAID REAL PROPERTY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 34; THENCE NORTH 00°00'09" WEST, ALONG THE WEST LINE OF SAID REAL PROPERTY, A DISTANCE OF 40 FEET; THENCE NORTH 89°46'11" EAST A DISTANCE OF 3,900 FEET, MORE OR LESS, TO A POINT ON THE EASTERLY LINE OF SAID REAL PROPERTY DESCRIBED IN THE QUITCLAIM DEED TO THE CITY OF STOCKTON RECORDED AUGUST 5, 1992, AS INSTRUMENT NO. 92089830, OFFICIAL RECORDS, THENCE SOUTH 00° 04' 16" EAST A DISTANCE OF 40.00 FEET TO THE SOUTHEAST CORNER OF SAID REAL PROPERTY; THENCE SOUTH 89°46'11" WEST, ALONG SAID SOUTH LINE, A DISTANCE OF 3,900.57 FEET TO THE POINT OF BEGINNING.

PARCEL EIGHT (EASMENT):

AN EASEMENT FOR ROADWAY AND DRAINAGE EASEMENT AS RESERVED BY THE STATE OF CALIFORNIA IN THE DEED RECORDED MAY 21, 1997, INSTRUMENT NO. 97049831, OFFICIAL RECORDS, DESCRIBED AS

COMMENCING AT THE SECTION CORNER COMMON TO SECTIONS 2 AND 3, T1S, R7E, M.D.B. & M. AND SECTIONS 34 AND 35, T1N, R7E, M.D.B. & M.; THENCE WESTERLY SOUTH 89° 59' 12" WEST ALONG THE SOUTHERLY LINE OF SAID SECTION 34, T1N, R7E, M.D.B. & M., SAID SOUTHERLY LINE BEING THE MOUNT DIABLO BASE LINE, A DISTANCE OF 30 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF AUSTIN ROAD (60' WIDE), SAID POINT BEING THE TRUE POINT OF BEGINNING. THENCE CONTINUING WESTERLY ALONG SAID SOUTHERLY LINE OF SAID SECTION 34, SOUTH 89° 59' 12" WEST 1,369.73 FEET, AS SHOWN ON MAP FILED IN BOOK 32 OF BOOK OF SURVEY AT PAGE 69, SAN JOAQUIN COUNTY RECORDS; THENCE LEAVING SAID SOUTHERLY LINE NORTH 00° 08' 46" EAST 514.07 FEET; THENCE SOUTH 60° 00' 02" EAST 461.90 FEET; THENCE SOUTH 00° 08' 46" WEST 193.03 FEET; THENCE NORTH 89° 59' 12" EAST 584.50 FEET TO A POINT ON THE WESTERLY LINE OF A 40' (FOOT) WIDE ROADWAY EASEMENT DEEDED TO THE CITY OF STOCKTON, CALIFORNIA BY THE STATE OF CALIFORNIA DEPARTMENT OF FINANCE ON MAY 17, 1962, AS DESCRIBED IN DEED FILED IN BOOK 2550 OF OFFICIAL RECORDS AT PAGE 316, SAN JOAQUIN COUNTY RECORDS; THENCE ALONG SAID WESTERLY LINE NORTH 16° 22' 58" EAST 398.22 FEET; THENCE CONTINUING ALONG SAID WESTERLY LINE NORTH 00° 08' 58" EAST 156.96 FEET; THENCE NORTH 27° 08' 58" EAST 304.35 FEET; THENCE NORTH 41° 38' 58" EAST 203.93 FEET TO A POINT ON THE WESTERLY RIGHT OF WAY LINE OF SAID AUSTIN ROAD; THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE, SOUTH 00° 08' 58" WEST 1,052.11 FEET TO THE TRUE POINT OF BEGINNING OF THE HEREIN DESCRIBED PARCEL.

APN: 181-100-07, 181-100-11, 181-150-02, 181-150-11 AND 181-150-12

First American Title Insurance Company

PLOTTED EASEMENTS

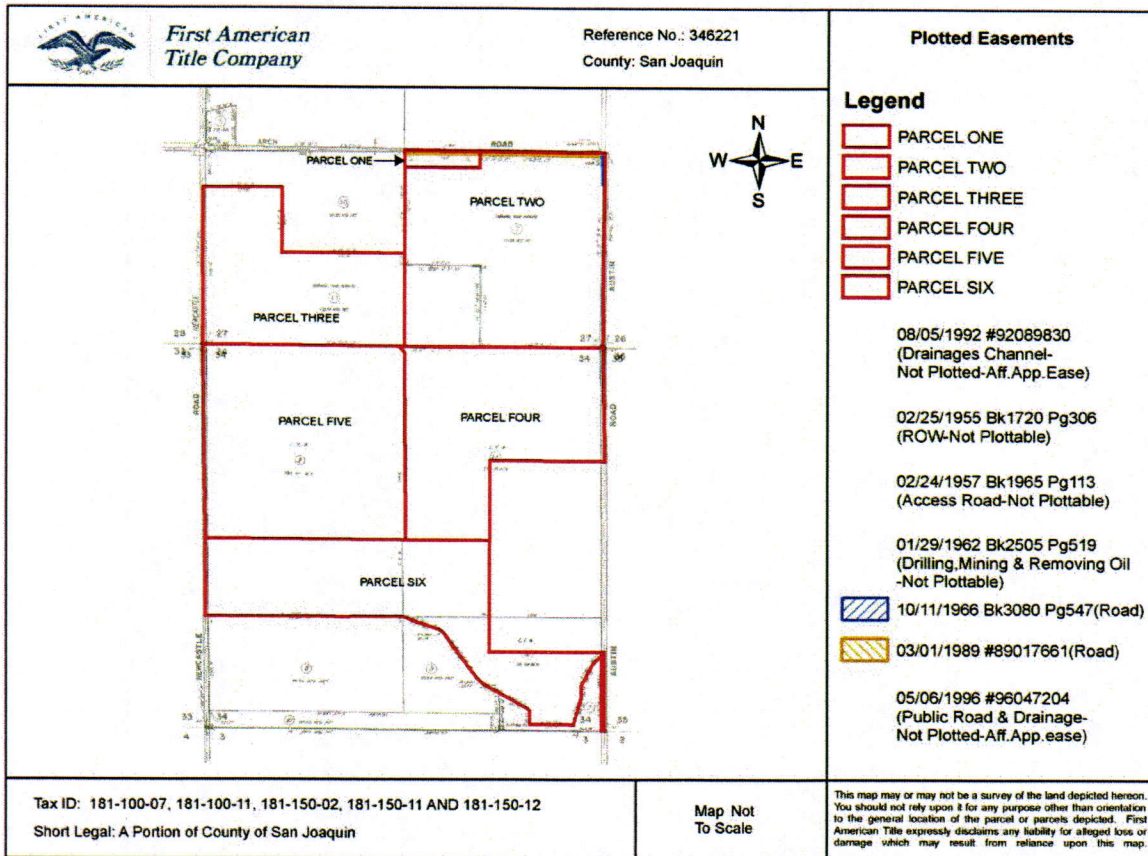


EXHIBIT B
EXCERPTS FROM SETTLEMENT AGREEMENT

I. CITY OF STOCKTON ANNEXATION, WATER AND SEWER AGREEMENTS

**A. San Joaquin Local Agency Formation Commission ("SJLAFCO"):
Out of Agency Water Agreement and Annexation.**

CDCR has agreed to seek SJLAFCO approval in order to facilitate the water delivery infrastructure originally proposed by Forward Landfill Inc. in its effort to comply with the Central Valley Regional Water Quality Control Board Cleanup and Abatement Order No. 5-2008-0714, dated December 8, 2008 directing Forward Landfill to provide the CDCR Property with drinking water.

1.a. Water Service: CDCR shall apply to the City for an Out of Agency water extension from SJLAFCO for authorization to allow the City to provide water service to the CDCR Property. CDCR will be responsible to pay for the City's application fee and the applicable SJLAFCO processing fee. These fees will be based on the administrative costs of such actions by the respective agencies. The respective applications will be filed not later than 30 days after project approval by the State Public Works Board ("PWB"). However, the applications may be filed at any earlier time that CDCR and the Receiver determine is appropriate. The City agrees to diligently pursue SJLAFCO approval of the authority to provide the water service. The City will support and advocate for the application to SJLAFCO for the Out of Agency water service extension approval. San Joaquin County will not oppose the Out of Agency water service extension.

At CDCR's request, SJLAFCO has determined that the processing fees and other costs that SJLAFCO may charge CDCR for the Out of Agency water extension shall not exceed \$13,500. The total cost of all fees and costs for the City processing of the Out of Agency water extension set forth in this section 1.a, shall not exceed \$35,000 in total (the \$35,000 includes only the City's processing fees and costs for the Out of Agency water extension application to SJLAFCO, and does not include SJLAFCO's fees and costs, as set forth above). If the City's costs for the Out of Agency water extension application and approval exceed \$35,000 in total,

the City shall pay any amount in excess of \$35,000. Except as provided in this Paragraph 1.a, no additional fees or charges or impact fees shall be incurred by CDCR for the Out of Agency water extension.

Notwithstanding the foregoing, if SJLAFCO denies the Out of Agency water service extension, then CDCR and the Receiver shall have the option, at their discretion, (1) to terminate this Agreement as to the City, in which case the City's lawsuit (*Greater Stockton Chamber, et al v. J. Clark Kelso, et al.* Eastern District of California, Case No. 2:09-cv-03308-LKK-JFM) may proceed as to the City only, and the City, CDCR and the Receiver shall have no further obligations to one another hereunder; or (2) to instruct the City to extend water service as set forth herein. If CDCR or the Receiver so instructs the City, then the City shall extend the identified water service pursuant to the terms of this Agreement without regard to whether the Out of Agency water service extension has been granted. If any litigation is filed naming the City as a party and challenging the City's right to extend the identified water service without the Out of Agency water extension approval, then CDCR and the Receiver shall defend, indemnify and hold the City harmless with respect to such litigation. The City agrees to cooperate with CDCR and the Receiver in any such litigation.

1.b. Annexation: Concurrently with application for approval of Out-of-Agency water service to the CDCR Property, CDCR shall enter into a Deferred Annexation Agreement with the City in the form attached hereto as Exhibit 3, in implementation of City's Policy 900-1, to facilitate the provision of water service to the CDCR Property and to facilitate the City's policy of requiring annexation, when feasible, as a condition of agreeing to provide new water service to properties outside of the City. The Deferred Annexation Agreement shall provide that (1) the City, at its option, may apply to SJLAFCO for annexation of the CDCR Property at any time, but no sooner than five (5) years following the full occupancy of the CHCF. The term "full occupancy" is defined as the operation of the facility at 80% of total bed capacity (or 1585 beds of the total 1,722 beds); (2) the CDCR Property may only be rezoned to a "Public Facilities" (PF zone) or other similar use in recognition that the entire CDCR Property will be committed to correctional and other state uses for the foreseeable future; (3) CDCR agrees to address the environmental consequences, if any, of the potential annexation of the CDCR Property to the City in its Environmental Impact Report (EIR) for the Northern California

Re-entry Facility (NCRF) and DeWitt Nelson projects; (4) CDCR will pay the City, not later than ninety (90) days after the full execution of the Design/Build contract for the CHCF, the sum of \$235,000, which sum shall be the total cost of all fees and costs for the respective SJLAFCO and City processing of rezoning and annexation and all fees and costs associated with the annexation of the CDCR Property to the City regardless of when such annexation occurs, if ever, and regardless of what environmental review costs, processing fees, impact fees, or exactions the City may require or determine necessary for annexation of the CDCR Property. Except for fees and charges contemplated in Section 2.c and Section 2.f of this Agreement, no additional fees or charges or impact fees shall be incurred by CDCR for the water service and/or annexation; and (5) the City acknowledges and accepts that the CDCR will advocate that the SJLAFCO refrain from detaching the CDCR property from the Montezuma Fire District and/or the Collegeville Fire District. Regardless of the determination of the fire service issue, CDCR shall not be required to pay any fees, costs or other impact fees to the City related to the provision of fire service to the CDCR property other than those fees and costs being paid to the fire district(s), at the time of annexation application, if any.

City further agrees that, in consideration of the terms of the Deferred Annexation Agreement as set forth above, and in further consideration for the settlement of the Litigation, the City will not comment on, challenge, in any manner or in any judicial or administrative proceeding or forum, the adequacy of, or legal sufficiency of, the EIR for the NCRF and DeWitt Nelson projects, as such EIR relates to the annexation of the CDCR Property to the City and shall not sponsor, encourage, authorize, solicit, finance or otherwise assist the filing of an action by any third party, in any judicial or administrative forum challenging the adequacy of, or legal sufficiency of, such EIR. Nothing in this Agreement shall preclude the City from submitting comments pursuant to CEQA or challenging the legal sufficiency of the EIR for the NCRF and DeWitt Nelson Projects concerning physical environmental impacts of the NCRF and DeWitt Nelson Projects not related to the annexation of the CDCR Property to the City and the resultant boundary change of the City.

2. City Water.

2.a. City shall cooperate with Forward Landfill, Inc. in the construction of two water lines and installation of two water meters in Newcastle Road, one 24" diameter line

("Line A") and associated 12" diameter meter ("Meter 1") and one 16" diameter line ("Line B") and associated 12" diameter meter ("Meter 2"), to supply water for the CDCR Property, as depicted on Exhibit 4. The construction and meters shall be at no cost to CDCR.

2.b. All on-site water system infrastructure on the CDCR Property shall be, owned and maintained by CDCR.

2.c. CDCR will not pay the City for any water service for a period of one year from the time of commencement of City water usage by CDCR on the CDCR Property. "Commencement" shall be deemed to occur when CDCR requests connection to the meter and the meter is installed. For years two and three CDCR will pay 20% and 30%, respectively, of the City's monthly water usage charges, in accordance with City's Water Rate Fees and Regulations at that time. For year four, CDCR shall pay 50% of the City's monthly water usage charges. Thereafter, payment shall escalate 10% per year for the next five years such that at the beginning of the ninth year CDCR will pay 100% of the applicable rate thereafter. The monthly water usage charges (or the applicable percentage thereof as discussed above under this paragraph) shall be based on the standard user charge for applicable municipal customers as established by City Ordinance, Resolution, or Policy. The City Ordinance, Resolution or Policy shall not be amended to establish discriminatory rates. The monthly water usage charges shall not be adjusted more frequently than once in any twelve month period.

2.d. Unless the Water Board directs that the three contaminated wells (Wells #1, #2 and #3) must remain operable for monitoring purposes, CDCR will abandon and destroy these contaminated on-site water wells at no cost to the City. The City shall assist CDCR in securing well closure permits from the County.

2.e. CDCR retains the right to continue use of the existing well (Well #4) which is currently uncontaminated and will retain the right to drill, install, and operate new wells on the property in the event that CDCR, in its sole discretion, determines that additional wells are necessary for the operation of its facilities on the CDCR Property. CDCR acknowledges that if water from the remaining well, or from additional wells, is used on the Property, CDCR will be solely responsible for preventing, through the use of mechanical (e.g. air gaps) and operational means, any co-mixed City-supplied and well-supplied water, and/or any well supplied water from entering the City's water supply system. This will be accomplished

through use of a backflow preventer located where the city municipal water line enters the CDCR property. This Agreement (or the provision of water by the City to the CDCR Property) does not prevent CDCR from mixing City water and CDCR well water for use on the CDCR Property, provided that the resultant mixed water meets applicable water quality standards and provided further that CDCR and the City have agreed that the CDCR backflow preventer is adequately designed to prevent any mixed water from entering the City's water supply system, which agreement will not be unreasonably withheld. All improvements made to the existing water distribution systems on the CDCR Property will be in conformance with Title 24 or City's applicable building code and other applicable codes and standards.

2.f. CDCR shall construct and pay for a 16" diameter water main in Arch Road and Austin Road (approximately 6,300 linear feet, traveling from the intersection of Logistics Drive with Arch Road and continuing eastward to Austin Road, and turning south to the point of the utility entrance to the CHCF site) ("Line C") with one water meter ("Meter 3") to provide for a looped system to serve the CDCR Property. Meter 3 will be sized as necessary to serve the CDCR Property (including, without limitation, the existing or planned facilities on the CDCR Property) but shall be no larger than a 12" diameter meter and will be located near the entrance of the CHCF on Austin Road and/or in close proximity to the property line of the adjacent non-state-owned parcel immediately south of the CHCF. The City will reimburse CDCR for any oversizing of the Line C (over 12 inches) per City policy. CDCR will pay the standard rates for connection fees as established by the Stockton Municipal Utilities Department Water Fee Schedule in effect at the time application for water service is made based upon the necessary meter size to serve the water demand for the facilities (the "Connection Fees"). It is agreed that the cost of the Connection Fees will be conclusively deemed to include any and all meters, surcharges for the recovery of capital fees and water distribution costs for regional water distribution systems and all other customary, nondiscriminatory charges and fees applicable to connection to the City's water system, including but not limited to, the City's standard connection fee, the Surface Water Fee (also known as the New Melones Water Conveyance Project Fee and the Water Supply Impact Mitigation Fee) and the Delta Water Supply Project Fee. Based on the City's current fee schedule, the estimated cost for the Connection Fees for a 12" diameter meter is approximately \$1.3 million dollars. CDCR shall pay the Connection Fees when the application for water service connection is submitted by CDCR to the City. City shall

provide written confirmation to the County and CDCR that the Surface Water Fee, as defined above, has been paid in full to the agencies that receive that Fee. City and CDCR shall indemnify the County against any claim against the County that the Surface Water Fee, as defined above, has not been paid.

2.g. Upon installation of Line C, and installation of Meter 3 at the Austin Road connection as described above, the City may remove Meter 1 and associated connection to Line A (the 24 inch water main in Newcastle Road). At the election of CDCR and with CDCR's determination that the CDCR property and facilities located on the CDCR property require an additional meter and connection from Line C in Arch Road ("Meter 4"), the City will charge and CDCR will pay one-half of the cost of the customary Connection Fees at the time this water service connection is submitted by CDCR to the City.

3. **City Sewer Service to the CDCR Property.** The City commits to continue providing sewer service to the CDCR Property pursuant to the existing sewer service agreement through the duration of that agreement (through 2018). Beyond the date of expiration of that agreement, City commits to continue to provide sewer service to the CDCR Property at 800,000 gallons per day provided that CDCR pays the monthly user charge established for applicable municipal customers as lawfully established by City Ordinance, Resolution, or Policy. The City Ordinance, Resolution or Policy shall not be amended to establish discriminatory rates. The user charge shall not be adjusted more frequently than once in any twelve month period. The City and CDCR agree that sewer service to the CDCR Property predates the adoption of City Policy 900-1 and any requirement for SJLAFCO approval of Out of Agency service extensions and that, therefore, no additional approvals are required to continue City sewer service to the CDCR property.

If, as part of the construction planning for CDCR facilities on the CDCR Property, or during the subsequent operation of the CDCR facilities, it is established that the sewer service demand for the CDCR facilities exceeds 800,000 gallons per day, then CDCR shall apply to the City for the additional necessary capacity and pay the non-discriminatory sewer connection charges for the additional necessary capacity over 800,000 gallons per day and construct any necessary infrastructure imposed according to the City's ordinances, policies and standards in effect at the time of the request for the additional capacity. The City shall apply the fee schedule

in effect at that time to determine the connection fees. CDCR shall be subject to any and all adjustments adopted City wide. It will be deemed established that the sewer service demand for the CDCR facilities during operation of the facilities exceeds 800,000 gallons per day if the City so determines based on substantial evidence provided through the flow recording meter(s) maintained by the City's Department of Municipal Utilities in accordance with the then existing permit.